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FISCAL IMPACT STATEMENT

LS 6921

BILL NUMBER: SB 440

NOTE PREPARED: Jan 28, 2011

BILL AMENDED: Jan 27, 2011

SUBJECT: Public safety LOIT distributions.

FIRST AUTHOR: Sen. Hershman

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: (Amended) This bill provides that a fire department, volunteer fire department, or emergency medical services (EMS) provider that provides fire protection or EMS within the county and is operated by or serves a political subdivision that is not entitled to receive a distribution of the public safety LOIT tax revenue may apply to the county council (in a CAGIT county) or the county income tax council (in a COIT county) for a distribution of the tax revenue. It requires that any public safety LOIT tax revenue distributed in this manner shall be distributed before the remainder of the tax revenue is distributed to the county and to the municipalities in the county.

The bill specifies that an application from a fire department, volunteer fire department, or EMS provider for a distribution of public safety LOIT revenue must be submitted before July 1 of a year for a distribution to be made in the following calendar year.

This bill provides that the county council or county income tax council may adopt a resolution requiring that one or more of the applicants shall receive a specified amount of the public safety LOIT tax revenue and it provides that a resolution providing for a distribution of public safety LOIT revenue applies only to distributions in the following calendar year.

The bill also specifies that a municipality is entitled to receive a distribution of public safety LOIT revenue only if the municipality is carrying out or providing at least one of the public safety purposes listed in the LOIT statute.

Effective Date: July 1, 2011.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: (Revised) Under current law, counties may adopt a public safety LOIT if they have also adopted either the property tax freeze LOIT or the property tax credit LOIT. The maximum income tax rate is 0.50% in Marion County and 0.25% in all other counties. Revenue from the public safety LOIT is distributed to the county taxing unit and municipalities using the county's normal LOIT distribution basis. Under this bill, a county or municipality could only receive a distribution if that unit is carrying out or providing a public safety purpose.

Also under this provision, a fire department, volunteer fire department, or EMS provider that provides services within the county and is operated by or serves a taxing unit that does not receive a public safety LOIT distribution may apply to the county council or county income tax council for a distribution from the public safety LOIT. If approved, the council may adopt a resolution that specifies the amount to be distributed to the applicant in the following year. The resolution would apply to only one year. A distribution under this provision would proportionately reduce the distributions made to the county unit and municipalities. The fiscal impact would depend on local action.

Background Information: Twenty counties have imposed a public safety LOIT in 2011 with a total certified distribution of \$93.1 M. Of these 20 counties, 16 have adopted the tax under the CAGIT statute and 4 have adopted under the COIT statute. In CY 2011, counties will receive \$68.6 M while municipalities will receive \$24.5 M from the public safety LOIT.

State Agencies Affected:

Local Agencies Affected: Counties; Municipalities; Fire departments and EMS providers.

Information Sources: State Budget Agency Reports of Certified Distributions, July 30, 2010 (COIT) and November 24, 2010 (CAGIT), <http://www.in.gov/sba/2363.htm>.

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